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SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2010

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sanitary and Improvement District No. 177
Sarpy County, Nebraska

We have audited the accompanying financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 177 of Sarpy County, Nebraska (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sanitary and Improvement District No. 177 of Sarpy County, Nebraska as of June 30, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Budgetary Comparison Information on pages 17 and 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Other supplementary information listed on pages 19 and 20 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Omaha, Nebraska
November 22, 2010

Weber + Thorson, P.C.

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
STATEMENT OF NET ASSETS
June 30, 2010

ASSETS	
Cash on deposit - County Treasurer	$ 62,942
Taxes receivable	72,439
Investments	149,942
Land	165,000
Other capital assets, net of accumulated depreciation	803,353
Bond issue costs, net of accumulated amortization	118,369
Total Assets	$ 1,372,045

LIABILITIES	
Accounts payable	2,761
Accrued interest	8,013
Noncurrent liabilities	
Warrants payable	
Due in more than one year	17,524
Bonds payable	
Due within one year	35,000
Due in more than one year	2,000,000
Total liabilities	$ 2,063,298

NET ASSETS	
Invested in capital assets, net of related debt	(948,278)
Restricted for debt service	260,312
Unrestricted	(3,287)
Total net assets	$ (691,253)

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

EXPENSES	
General government:	
Amortization expense	$ 13,024
Audit fees	5,200
Collection fees - county treasurer	3,098
Depreciation expense	48,921
Electricity	1,905
Engineering fees	3,149
Insurance	627
Interest expense	99,086
Legal fees	17,360
Paying agent fees	250
Repairs and maintenance	5,388
Total expenses	198,008
GENERAL REVENUES	
Property taxes	161,301
Interest on taxes	31
Interest on investments	254
Miscellaneous	564
Total general revenues	162,150
Change in net assets	(35,858)
NET ASSETS - beginning of the year	(655,395)
NET ASSETS - end of the year	$ (691,253)

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
BALANCE SHEET
(Governmental Funds)
June 30, 2010

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash on deposit - County Treasurer	$ 3,002	$ 59,940	$ 62,942
Taxes receivable	14,270	58,169	72,439
Investments	-	149,942	149,942
Total Assets	$ 17,272	$ 268,051	$ 285,323
LIABILITIES			
Accounts payable	$ 2,761	$ -	$ 2,761
Total Liabilities	2,761	-	2,761
FUND BALANCES			
Reserved for debt service	-	268,051	268,051
Unreserved	14,511	-	14,511
Total Fund Balances	14,511	268,051	282,562
Total Liabilities and Fund Balances	$ 17,272	$ 268,051	$ 285,323

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
For the year ended June 30, 2010

Total Fund Balances - Governmental Funds		$ 282,562
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements:		
Land		165,000
Other capital assets	$ 1,416,493	
Accumulated depreciation	(613,140)	803,353
Other long-term assets are not financial resources and therefore not reported in the fund financial statements:		
Bond issue costs	213,926	
Accumulated amortization	(95,557)	118,369
Other liabilities are not due and payable in the current period and therefore not reported in the governmental funds:		
Warrants payable		(17,524)
Bond payable		(2,035,000)
Accrued interest		(8,013)
Net Assets of Governmental Activities		$ (691,253)

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Governmental Funds)
For the year ended June 30, 2010

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property taxes	$ 31,775	$ 129,526	$ 161,301
Interest on taxes	6	25	31
Interest on investments	-	254	254
Miscellaneous	110	454	564
Total Revenues	31,891	130,259	162,150
EXPENDITURES			
Current:			
Audit fees	5,200	-	5,200
Collection fee - County Treasurer	603	2,495	3,098
Electricity	1,905	-	1,905
Engineering fees	3,149	-	3,149
Insurance	627	-	627
Legal fees	17,360	-	17,360
Paying agent fees	-	250	250
Repairs and maintenance	5,388	-	5,388
Debt service:			
Warrant principal payments	29,986	500	30,486
Warrant interest payments	831		831
Bond principal payments	-	35,000	35,000
Bond interest payments	-	98,091	98,091
Total Expenditures	65,049	136,336	201,385
Excess (deficiency) of Revenues over (under) Expenditures	(33,158)	(6,077)	(39,235)
OTHER FINANCING SOURCES			
Issuance of warrants	35,392	500	35,892
Total other financing sources	35,392	500	35,892
Net change in fund balances	2,234	(5,577)	(3,343)
Fund balances - beginning of period	12,277	273,628	285,905
Fund balances - end of period	$ 14,511	$ 268,051	$ 282,562

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

Net Change in Fund Balances - Total Government Funds	$ (3,343)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in government funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of current year activity related to capital assets.	
Depreciation expense	(48,921)
Repayment of bond principal is reported as an expenditure in the governmental funds. In the statement of net assets, the repayment reduces long term liabilities. This is the current year activity related to bonds.	
Bond principal paid	35,000
Repayment of warrant principal is reported as an expenditure in the governmental funds but reduce long term liabilities in the statement of net assets. Proceeds from the issuance of warrants are reported as other financing in the governmental funds but as an increase in noncurrent liabilities in the government-wide statements.	
This is the net (proceeds) repayment in the current year	(5,406)
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:	
Amortization of bond issue costs	(13,024)
Change in accrued interest	(164)
Change in Net Assets of Governmental Activities	$ (35,858)

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Sanitary and Improvement District No. 177 of Sarpy County, Nebraska (the District) is presented to assist in understanding the District's basic financial statements. The financial statements and notes are representations of the District's management who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

District Activities

The District is organized as a political subdivision and governed under the State of Nebraska. The District has a tax base made up of a residential development, conducting its activity in Sarpy County, Nebraska.

The Reporting Entity

The Board of Trustees of the District has financial accountability and control over all the activities related to Sanitary and Improvement District No. 177. The Board of Trustees is elected by the property owners of the District and has decision-making authority, the authority to levy taxes, the power to designate management, and the ability to significantly influence operations. The Board also has primary financial accountability for fiscal matters of the District. The District is engaged in a single governmental program and is not included in any other governmental "reporting entity" as defined by the GASB pronouncements. In addition, there are no component units as defined by the Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Basis of Presentation

The basic financial statements of the District include the government-wide and the fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities, which report financial information for all nonfiduciary activities of the District. Individual funds are not displayed, and internal activity between or within funds is eliminated.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide Statement of Net Assets recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by law through constitutional provisions or enabling legislature. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide Statement of Activities reflects the expenses of the District's governmental activities, offset by general and program revenues to determine the change in net assets for the year. Program revenues include special assessments. Property tax and other items are reported as general revenues.

Fund Financial Statements

The fund financial statements provide additional and detailed information about the District. The emphasis of the fund financial statements is on the determination of financial position and changes in financial position rather than upon net income. The following is a description of the District's two governmental funds:

General Fund – This fund is the operating fund of the District. It is used to account for all financing resources, except those required to be accounted for in other funds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide financial statements, the activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. On an accrual basis, revenues are recognized when earned. Expenditures are recorded when liabilities are incurred, regardless of the timing of related cash flows.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, both funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available. Available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the period the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

Property tax revenues are recognized when susceptible to accrual. Revenues on special assessments and miscellaneous revenues are recognized as the amounts are collected. Investment earnings are recorded as earned since they are measurable and available.

Budgets and Budgetary Accounting

The District is required by Nebraska law to adopt an annual operating budget for all the funds over which the District controls. The budget is adopted using the cash basis of accounting, which differs significantly from accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenues and expenditures are recorded when cash is received or paid. Payment is deemed to have been made when warrants are issued. Budgetary comparisons presented for both the General Fund and Debt Service Fund in this report are on non-GAAP budgetary basis.

The District adheres to the following procedures in preparing and adopting the budget:

1. On or before early September, the Board of Trustees proposes an operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Prior to September 20, the Board of Trustees formally approves the budget document following a public hearing, with notice given five days in advance.

3. As of September 20, the budget document must be on file with the County Board and the Auditor of Public Accounts.

4. Appropriations for the General Fund and the Debt Service Fund lapse at the end of the fiscal year.

5. Expenditures and transfers cannot exceed appropriations at the fund level. When expenditures and transfers are required for functions that have not been budgeted, authorization to amend the budget and to incur the expenditures is permitted following a public hearing. No significant supplemental appropriations were made for the fiscal year ended June 30, 2010.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. A majority vote by the Board of Trustees may authorize transfer of budgeted amounts from the General Fund to the Debt Service Fund.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Credit Risk

Receivables for property taxes are due from property owners within the boundaries of the District located in Sarpy County, Nebraska.

Depreciation

Capital assets of the District, which primarily include infrastructure assets, are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant capital assets are as follows:

Paving and Sewer Systems	25 – 40 Years
Power and Water Systems	25 – 30 Years
Park Improvements	20 Years

Amortization

Bond issue costs are amortized over the terms of the bonds, using the straight-line method of amortization. Amortization expense for the year ended June 30, 2010, amounted to $13,024.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide statements, net assets are reported in three components-invested in capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or notes issued to acquire, construct or improve those assets. Restricted net assets are reported when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments or by enabling legislation. Unrestricted net assets are net assets that do not meet the definition of either of the first two categories of net assets.

NOTE B – DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2010, the balance in cash of $62,942 is equal to the carrying amount of the District's deposits. The deposits of the District are classified as Category 3, deposits that are uncollateralized or uninsured. This includes any deposit balance that is collateralized with securities held by the County but not in the name of the District.

Investments

State Statute authorizes the District to invest in obligations of the U.S. Treasury. All investments for the District at June 30, 2010, amounting to $149,942, are invested in U.S. Treasury Bills with maturities of 106 days or less and are carried at amortized cost, which approximates fair value. Since the District's investments are short-term, the interest rate risk is minimized. These investments are classified as Category 3 investments, uninsured and unregistered securities of the District, which are held by the County in the name of the District.

At June 30, 2010, the original par value, cost, and amortized cost of the District's investments were $150,000, $149,875, and $149,942, respectively.

NOTE C – PROPERTY TAXES

Property taxes are levied in September and attach as an enforceable lien on the assessed property as of December 31. Nebraska State law allows taxpayers the opportunity to pay real estate taxes in two equal installments after December 31. Installment one is due March 31 and delinquent April 1. Installment two is due July 31 and delinquent August 1. Tax collections are remitted to the District from the County Treasurer on a daily basis.

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2010

NOTE C – PROPERTY TAXES (Continued)

Property tax revenues are recognized when they become available, which includes those property tax receivables expected to be collected within sixty days after year-end. The portion of the taxes not expected to be collected within sixty days after year-end is recorded as deferred revenue. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectable taxes is provided.

The District has levied real and personal property taxes as follows:

Fiscal Year	District Valuation of Property	District Tax Levy Per $100 Valuation		
		General	Debt Service	Total
2009-2010	$17,922,347	0.177292	0.722708	0.900000

A summary of taxes receivable for the year ended June 30, 2010 is as follows:

	Restated Balance June 30, 2009	Taxes Assessed	Taxes Collected	Balance June 30, 2010
General Fund	$13,638	$ 31,775	$ (31,143)	$14,270
Debt Service Fund	57,531	129,526	(128,888)	58,169
	$71,169	$161,301	$(160,031)	$72,439

NOTE D – CAPITAL ASSETS

A summary of depreciable capital assets for the year ended June 30, 2010, is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Depreciable Capital Assets				
Paving and storm sewer	$ 639,963	$ -	$ -	$ 639,963
Sanitary sewer	318,487	-	-	318,487
Electrical distribution system	44,392	-	-	44,392
Water system	197,812	-	-	197,812
Park improvements	215,839		-	215,839
	1416,493	23,730	-	1,416,493
Less accumulated depreciation	(564,219)	(48,921)	-	(613,140)
	$ 852,274	$ (24,997)	$ -	$ 803,353

NOTE D – CAPITAL ASSETS (Continued)

The District recorded depreciation expense of $48,921 for the year ended June 30, 2010. The District has not identified any capital assets where impairment has occurred as a result of significant and unexpected utility.

NOTE E – NONCURRENT LIABILITIES - WARRANTS PAYABLE

General Fund warrants are due and payable no later than three years from the date of issuance. Debt Service Fund warrants are due and payable no later than five years from the date of issuance. Warrants are payable in order in which they are registered. Once registered, they accrue and bear interest at 7.00% per annum. Interest is payable annually and accrues through the date called.

The summary of warrant activity is as follows:

	General Fund	Debt Service Fund	Total
Balance Outstanding, June 30, 2009	$ 12,118	$ -	$ 12,118
Warrants Issued	35,392	500	35,892
Warrant Principal Payments	(29,986)	(500)	(30,486)
Balance Outstanding, June 30, 2010	$ 17,524	$ -	$ 17,524

Aggregate maturities during the next five years are as follows:

Year Ending June 30	General Fund	Debt Service Fund
2011	$ -	$ -
2012	-	-
2013	17,524	-
2014	-	-
2015	-	-
	$ 17,524	$ -

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2010

NOTE F – GENERAL LONG-TERM DEBT

Transactions for long-term debt for the year ended June 30, 2010 are summarized as follows:

	Balance June 30, 2009	Proceeds	Payments	Balance June 30, 2010
Bond Issue, 2006	$2,070,000	$ -	$(35,000)	$2,035,000
	$2,070,000	$ -	$(35,000)	$2,035,000

Long-term debt was comprised of the following:	June 30, 2010
General obligation bond issued on December 1, 2006, bonds outstanding due serially through December 1, 2026, annual maturities range from $35,000 in 2010 to $230,000 in 2026, interest payable semi-annually at 4.00% to 5.00% per annum.	$2,035,000

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2011	35,000	96,700	131,700
2012	40,000	95,180	135,180
2013	45,000	93,415	138,415
2014	50,000	91,395	141,395
2015	55,000	89,110	144,110
2016 – 2020	490,000	393,920	883,920
2021 – 2025	870,000	227,083	1,097,083
2026 – 2028	450,000	22,750	472,750
Total	$2,035,000	$1,109.553	$3,144,553

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2010

NOTE G – FINANCIAL STATEMENT PRESENTATION – BUDGET BASIS

The budget of the District is prepared on the cash basis. The necessary adjustments to reconcile from budgetary basis to GAAP basis is as follows:

	General Fund	Debt Service Fund
Fund balance, ending (budget basis)	$ 3,002	$ 209,815
Adjustments to generally accepted accounting principles:		
Revenue and transfer accruals	14,270	58,236
Expenditure and transfer accruals	(2,761)	-
Fund balance, ending (GAAP basis)	$ 14,511	$ 268,051

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all programs. There have been no significant reductions in insurance coverage and no significant claims or settlements for the current year or prior three years. The District has retained the risk of loss for property to its public improvements.

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - General Fund
For the year ended June 30, 2010

	Budget - Original/ Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Personal and real property taxes	$ 31,775	$ 31,145	$ (630)
Interest on taxes	-	6	6
Miscellaneous	100	108	8
Total Revenues	31,875	31,259	(616)
EXPENDITURES			
Current:			
Legal fees	15,000	18,116	(3,116)
Audit fees	5,200	5,200	-
Electricity	2,000	2,053	(53)
Engineering fees	4,000	3,680	320
Insurance	250	627	(377)
Collection fees	623	603	20
Repairs and maintenance	10,000	5,716	4,284
Debt Service:			
Warrant principal payments	29,000	29,986	(986)
Warrant interest payments	1,000	976	24
Total Expenditures	67,073	66,957	116
Excess(deficiency) of Revenues over (under) Expenditures	(35,198)	(35,698)	(500)
OTHER FINANCING SOURCES			
Issuance of warrants	36,450	35,392	(1,058)
Total other financing sources	36,450	35,392	(1,058)
Net changes in fund balances	1,252	(306)	$ (1,558)
Fund Balance - Beginning	3,308	3,308	
Fund Balance - Ending	$ 4,560	$ 3,002	

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA
REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - Debt Service Fund
For the year ended June 30, 2010

	Budget - Original/ Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Personal and real property taxes	$ 129,614	$ 128,895	$ (719)
Interest on taxes	-	25	25
Interest on investments	2,000	395	(1,605)
Miscellaneous	400	447	47
Total Revenues	132,014	129,762	(2,252)
EXPENDITURES			
Current:			
Paying agent fees	500	500	-
Collection fees	2,540	2,495	45
Debt Service:			
Warrant principal payments	500	500	-
Bond principal payments	35,000	35,000	-
Bond interest payments	98,091	98,091	-
Total Expenditures	136,631	136,586	45
Excess(deficiency) of Revenues over (under) Expenditures	(4,617)	(6,824)	(2,207)
OTHER FINANCING SOURCES			
Issuance of warrants	500	500	-
Total other financing sources	500	500	-
Net changes in fund balances	(4,117)	(6,324)	$ (2,207)
Fund Balance - Beginning	216,139	216,139	
Fund Balance - Ending	$ 212,022	$ 209,815	

See accompanying notes to financial statements

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

Information Required by Section 31-740,
Revised Statutes of Nebraska, 1993

Gross income from all sources	$162,150
Gross income from all sources from previous year	$166,693
Amount spent for sewage disposal	None
Amount expended on water mains	None
Gross amount of sewage processed	None
Cost per thousand gallons of processing sewage	None
Amount expended for:	
a. Maintenance and repair	$5,388
b. New equipment	None
c. New construction work	None
d. Property purchased	None
Number of employees	None
Salaries and fees paid employees	None
Total amount of taxes levied upon the property within the District	$161,301

SANITARY AND IMPROVEMENT DISTRICT NO. 177
OF SARPY COUNTY, NEBRASKA

Trustees and Related Bonds
June 30, 2010

Trustees		Bonds	
Name	Office	Insurer	Amount
Steven Rugg	Chairperson	Western Surety Co.	$ 5,000
Charles LeMay	Clerk	Western Surety Co.	$ 20,000
Richard Atwood	Trustee		
Patrick Sullivan	Trustee		
Jared Smith	Trustee		

WEBER & THORSON

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Sanitary and Improvement District No. 177
of Sarpy County, Nebraska

We have audited the financial statements of the governmental activities and each major fund of Sanitary and Improvement District No. 177 of Sarpy County, Nebraska, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting described below that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe that a material weakness, yet important enough to merit attention by those charged with governance.

Preparation of Financial Statements

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

The District's response to this finding is that this circumstance is not unusual in a governmental entity of their size and the costs of correcting this deficiency would exceed the benefits to be derived from any correction. The District's management has also informed us that they are willing to accept the degree of risk associated with this condition.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The District's response to the finding identified in our audit is described above. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees and the State of Nebraska Auditor of Public Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Omaha, Nebraska
November 22, 2010

Weber + Thorson, P.C.